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Report of the Committee on Food Aid Policies and Programmes

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TWENTIETH REPORT OF THE CFA TO ECOSOC AND THE FAO COUNCIL

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Preface

The Committee on Food Aid Policies and Programmes (CFA), which normally meets twice a year, is the body responsible for intergovernmental supervision and direction of the World Food Programme, including policy, administration, operations, funds and financing. The CFA, jointly established by the United Nations and FAO, is composed of 42 States Members of the United Nations or Member Nations of FAO, 27 of which are developing countries and 15 economically more developed States Members or Member Nations. States are elected to the CFA for a three-year re-eligible term. Half are elected by the Economic and Social Council (ECOSOC) and half by the FAO Council.

In 1994 the members of the CFA were: **Angola, Australia, Bangladesh, Belgium, Brazil, Burkina Faso, Cameroon, Canada, Chad, China, Colombia, Cuba, Denmark, Democratic People's Republic of Korea, Dominican Republic, El Salvador, Ethiopia, Finland, France, Germany, Ghana, Haiti, Hungary, India, Indonesia, Italy, Japan, Libya, Mexico, the Netherlands, Niger, Nigeria, Norway, Pakistan, Romania, Saudi Arabia, Senegal, Sri Lanka, Syria, the United Kingdom, the United States of America and Zimbabwe.**

The Bureau of the CFA in 1994 was elected at its Thirty-seventh Session: **Mr. Mirza Tasadduq Hussain Beg of Bangladesh, Chairperson; Mr. John Bailey of Australia, First Vice-Chairperson; and Mr. Fillbus Bature of Nigeria, Second Vice-Chairperson.** Rapporteurs of the CFA in 1994 were: **Mr. Shahid Rashid of Pakistan, Thirty-seventh Session, and Mr. Christian Berger of France for the Thirty-eighth Session.**

The Sub-Committee on Projects (SCP) is a subsidiary body of the CFA. It normally meets twice a year to undertake a technical scrutiny of development projects, protracted refugee operations, and budget increases submitted by the Executive Director. It also reviews reports and other technical matters submitted by the Executive Director. The SCP is composed of 28 members of the Committee, 18 of which are nominated by the group of developing countries and 10 by the group of economically more developed countries.

Members of the SCP in 1994 were: **Angola, Australia, Bangladesh, Brazil, Cameroon, Canada, Chad, Cuba, Democratic People's Republic of Korea, Denmark, El Salvador, Ethiopia, France, Germany, Ghana, Haiti, India, Indonesia, Italy, Japan, Mexico, the Netherlands, Niger, Nigeria, Norway, Pakistan, Saudi Arabia** and the **United States of America.**

Introduction

This report is submitted in pursuance of Rule 12 of the General Regulations of the World Food Programme, in accordance with which the Committee on Food Aid Policies and Programmes (CFA) is to "report annually to the Economic and Social Council and the Council of FAO."

In 1994 the CFA held its two regular annual meetings as well as several informal meetings. The **Thirty-seventh Session** took place from 19 to 26 May and the **Thirty-eighth Session** from 12 to 16 December 1994.

The Committee discussed the following major subjects at its **Thirty-seventh** and **Thirty-eighth Sessions**:

- Annual Report of the Executive Director for 1993;
- WFP's overall policies, objectives and strategies;
- WFP mission statement;
- Transformation of the CFA into an Executive Board (implementation of General Assembly resolution 48/162);
- Principles and Guidelines for Country Programming (implementation of General Assembly resolution 47/199);
- Guidelines for country programme resource levels;
- Resource policies and proposals for long-term financing of WFP;
- Synchronization of pledging and budget periods;
- Operational reserve;
- Progress reports on criteria for project approval;
- Audited biennial accounts (1992-93), Financial Report and Statement;
- Report of the CFA to ECOSOC and the FAO Council;
- Selected national experience with food aid (China); and
- Reports of the Sub-Committee on Projects (SCP).

Major topics

ANNUAL REPORT OF THE EXECUTIVE DIRECTOR FOR 1993

1. In pursuance of General Regulation 18(b), the Executive Director submitted to the **Thirty-seventh Session** of the Committee her Annual Report for 1993. As agreed by the Committee at its Thirty-fifth Session, the format of the report had been changed to make it more analytical. The CFA commended the Executive Director for a clear and comprehensive report, requesting that future annual reports be even more analytical and forward-looking, giving particular emphasis to results achieved and problems encountered. With those observations, the **Thirty-seventh Session** of the CFA approved the Executive Director's Annual Report for 1993.

WFP's OVERALL POLICIES, OBJECTIVES AND STRATEGIES

2. At its Thirty-sixth Session, the CFA decided to conduct a major review of WFP's overall policies, objectives and strategies. The Secretariat was requested to prepare a paper that would enable the Committee to decide on WFP's core policies. The Secretariat's paper was submitted to the Committee at its **Thirty-seventh Session** and the Committee reached the following conclusions:

   a) the Committee recognized that the policy debate was the beginning of a process and expressed a strong wish to continue the process;

   b) the Committee expressed general support for the broad policy orientation outlined in Chapter 4 (Policy Statement) of the Secretariat document, including a country-based programme approach consistent with United Nations General Assembly resolution 47/199, without prejudice to the need for further elaboration and revisions in the light of specific issues raised by CFA members;

   c) the Committee asked the Secretariat to draft a revised mission statement and submit it to the CFA at its Thirty-eighth Session, through a working group to be set up by the Committee for that purpose. The working group, which would review and finalize the draft mission statement for submission to the CFA, would be chaired by a member of the Bureau and would be composed of the following 14 Members, with balanced representation from different regional groups: Brazil, Cameroon, China, Cuba, El Salvador, Ethiopia, France, Indonesia, Japan, Libya, the Netherlands, Norway, Saudi Arabia and the United States of America;

   d) with regard to Chapter 5 (Operational and Practical Implications) of the document, the Committee asked the WFP Secretariat to work out in

greater detail the operational and practical implications, elaborating implementation modalities, and present detailed proposals at the **Thirty-eighth Session** of the CFA.

WFP MISSION STATEMENT

3. The Working Group set up by the **Thirty-seventh Session** to review and finalize a draft mission statement met four times and submitted the draft mission statement to the CFA at its **Thirty-eighth Session.**

4. The Committee adopted the WFP mission statement by acclamation. It emphasized that the statement was to be considered as a living document to be reviewed periodically. The way it would be implemented by the Programme constituted a major challenge that should also be reviewed regularly. The Committee requested that the mission statement be widely circulated to other international development aid organizations and to governments. It thanked the Working Group for preparing the draft and recoghized the delicate balances that were needed to reach a fair compromise.

TRANSFORMATION OF THE CFA INTO AN EXECUTIVE BOARD (implementation of General Assembly resolution 48/162)

5. In order to prepare the necessary decisions which follow from General Assembly resolution 48/162, the CFA, at its **Thirty-seventh Session**, decided to establish an Open-ended Working Group with the task of looking into the necessary changes of the General Regulations arising from that resolution. The Working Group met several times during the summer of 1994 and its recommendations were submitted to the CFA at its **Thirty-eighth Session**. The CFA adopted the following decision:

"Taking note of the importance of implementing as soon as possible the reforms laid down by United Nations General Assembly resolution 48/162, recognizing the special nature of WFP as a joint autonomous organ of the United Nations and of the Food and Agriculture Organization,

Having due regard for the problems of food insecurity in developing countries, and the fact that Central and Eastern European countries are in the process of defining and deepening their interest in WFP,

Recommends that, on an interim basis, the 36-Member WFP Executive Board be composed as follows: African states (CFA List A) nine, Asian and Near East states (CFA List B) seven, Latin American and Caribbean states (CFA List C) five, Western Europe and other states (CFA List D) twelve, Central and Eastern European states (CFA List E) two, with one additional seat alternating between Lists B and C, starting with List C. The member state taking the alternating seat will be elected by the FAO Council,

Recommends that the above distribution of seats be reviewed by the WFP Executive Board two years after its establishment and that the review should be transmitted through the ECOSOC and FAO Council to the United Nations General Assembly and FAO Conference."

6. The Committee further decided to transmit to the General Assembly, through ECOSOC, and to the FAO Conference, through the FAO Council, the draft revised General Regulations of the Programme as well as the draft parallel resolutions required for implementation by WFP of General Assembly resolution 48/162.

PRINCIPLES AND GUIDELINES FOR COUNTRY PROGRAMMING (implementation of General Assembly resolution 47/199)

7. One of the central subjects of the policy review, discussed at the **Thirty-seventh Session** of the CFA, was the Secretariat's proposal to move the implementation of WFP's activities towards a country-based programme approach.

8. The Committee gave broad support to the proposal, which was to be in line with United Nations General Assembly resolution 47/199. More information was requested concerning the design, content and preparation of country-based programmes, and the implications that the adoption of such an approach would have for the CFA and its work. The Secretariat pointed out that, as mentioned in the paper, principles and guidelines for country-based programmes would be presented for approval to the CFA at its Thirty-eighth Session. The Committee further agreed that the Working Group set up to prepare decisions which follow from General Assembly resolution 48/162 should also consider necessary changes in the General Regulations of the Programme that would arise from the move to a country-based programme approach consistent with resolution 47/199.

9. At its **Thirty-eighth Session**, the Committee discussed the principles and guidelines for country programming, including types of documentation to be submitted to the CFA (Country Strategy Outlines (CSOs), programmes of country activities (PCAs), and descriptions of the process by which country activities would be appraised, approved, monitored, and reported upon), along with the CFA's role in approving country programmes, the authority to be delegated to the Executive Director and the overall time frame for implementation.

10. The Committee expressed its full support for a programme approach, based on resolution 47/199, that would help make WFP's work more integrated, coherent, focused, and flexible. Recognizing that the proposed approach constituted a substantial first step in the right direction, the Committee endorsed in principle the general thrust of the Secretariat's proposals on the understanding that:

a) WFP country programmes must be firmly linked to programmes, policies and priorities of the countries themselves, with governments being fully involved throughout the process of preparation;

b) WFP country programmes must be coordinated, to the extent possible,

with those of other United Nations agencies, donors, and NGOs, who should be consulted in their preparation. In that connection, it was pointed out that harmonization of procedures within the United Nations system would facilitate that process;

c) in accordance with WFP's mission statement, the country programmes were expected to stress WFP's role in the continuum from emergency relief to development;

d) CSOs, considered as a key element, would be strengthened along the lines suggested by the SCP at its Thirteenth Session,[1] and approved by the CFA; CSOs would be in line with country strategy notes wherever those were available, and would be approved by governments prior to submission to the CFA;

e) the CFA would review and approve country programmes, which would consist of CSOs, PCAs describing each activity in detail, and including descriptions of the proposed procedures for appraising, monitoring, and reporting on country activities;

f) based on the priority selection criteria set out in the document, country programmes would be produced for all eligible countries, as rapidly as possible, consistent with the requirements of producing sound programmes in accordance with an agreed timetable. Activities included in PCAs should be in line with the project selection and approval criteria endorsed by the CFA at its Thirty-eighth Session;

g) specific guidelines would be prepared for WFP-supported generic types of activities and procedures would be developed to monitor and report to the CFA on implementation of WFP country activities. Particular attention would be paid to their impact and cost-effectiveness, using relevant performance indicators. Those procedures would include rigorous mid-term reviews of country programmes;

h) WFP staffing capacities, supplemented by external and national expertise, should be strengthened to the extent possible taking account of budgeting constraints, in order to handle the anticipated workload implied by introducing the programme approach, particularly in country offices. It was noted that the Secretariat would welcome possible

[1] Document CFA: 38/14 paragraph 67: "The Sub-Committee stressed the importance of CSOs, which should be seen as a sound and essential investment in strategic planning. CSOs should be analytical documents, drawing on the macro-economic and social context, and should contain a thorough analysis of the food security situation at the national, regional and household level, as well as logical strategic directions. Clear objectives, the comparative advantage of WFP food aid and its integration with assistance from other donors - whether multilateral or bilateral - should be stated. The importance of monitoring and evaluation and the building up of national capacities to that effect was highlighted. In that connection, well-identified and measurable performance indicators as well as clear time frames were considered desirable. The Programme's capacity to develop CSOs would have to be examined more closely. It was also stressed that the need for quality and relevance did not permit hasty preparation of CSOs and that the schedule for submission of CSOs should bear that in mind. The involvement and concurrence of the government in the preparation of CSOs was considered essential."

support from members in that regard; and

i) the provision of bilateral services by the Programme should be limited to activities that fitted into the context of WFP's country programme.

11. The Committee noted that those measures would be introduced gradually during a transition period, with full consultation and approval by the CFA at each step. As the basis for the next step, the Committee agreed that:

a) the Secretariat should proceed to develop country programmes on the basis of CSOs and PCAs;

b) the first limited number of country programmes should be submitted to the Fortieth Session of the CFA, which would review, approve with or without modification, or disapprove: i) the formats for the documentation being provided, ii) the proposed procedures for endorsement and execution of the programmes, including procedures for appraisal, approval, monitoring, and reporting to the governing body on country activities and iii) the country programmes themselves;

c) CFA endorsement of each country programme would constitute approval in principle of that country's CSO and the group of activities described in the PCA. Such approvals would not constitute funding commitments of resources for the entire programme period. Actual allocations would be made on a yearly basis;

d) the CFA would, in due course, decide on the limits of the authority to be delegated to the Executive Director with regard to approval of individual country activities, as well as on the most appropriate methods for consideration by the governing body of the various aspects of the implementation of the programme approach. In the meantime, the SCP would continue with its present mandate.

12. The Committee also decided to endorse the draft revised General Regulations prepared by the Open-ended Working Group which include provisions for moving the implementation of WFP's activities towards a country-based programme approach.

GUIDELINES FOR COUNTRY PROGRAMME RESOURCE LEVELS

13. During the Committee's debate at its **Thirty-seventh Session** on WFP's overall policies, objectives and strategies, questions were raised concerning the resource implications of the proposed WFP policies and the allocation of those resources to countries and activities. It was agreed that papers on guidelines for country programme resource levels and resourcing policies, including the International Emergency Food Reserve (IEFR), would be presented to the CFA at its Thirty-eighth Session for approval.

14. At its **Thirty-eighth Session**, the Committee approved the following resource allocation approach:

a) allocation planning for resources for development, whether activities were approved through the country programme approach or on a project-by-project basis, would be guided by potential country levels

expressed as a percentage share of total resources and established on the basis of relative need for WFP assistance;

b) potential country levels of resources for development would be based on those indicators of relative need described in paragraph 21 of document CFA: 38/P/7[1]. They would be adjusted regularly to reflect changes in those indicators;

c) for country programming purposes, potential country levels would normally be established only for those low-income, food-deficit countries (LIFDCs) (including LDCs) which would qualify for minimum annual resource levels of one million dollars, below which it would not be cost-effective to programme WFP development activities. At least 50 percent of total development resources would be targeted to LDCs and at least 90 percent to LIFDCs, including LDCs. Up to 10 percent of resources would be excluded from the establishment of potential country shares and used flexibly to address special needs of countries without an established potential share, or additional needs of country programmes. No single country would be targeted more than 10 percent of total available development resources;

d) starting from the current level of resources for development in each country, an allocation plan would be established (and adjusted yearly) that steered WFP allocations progressively but flexibly towards the countries' potential level, taking into account other factors such as: the absorptive capacity of a country for targeted food aid; the level of government commitment to, and administrative capacity for, effective use of food aid; and security considerations. The extent of under/over-programming of a country compared to its potential level would be provided to the CFA when submitting for approval a country programme or project;

e) up-front IEFR resources and resources for protracted refugee and displaced person operations (PROs) would be allocated on the basis of specific needs and related activities identified at the country level;

f) resources for complementary activities - IEFR and bilateral - would be channelled according to actual needs at the country level and availability, in consultation with the donor if so required; and

g) yearly country allocations would be determined on the basis of actual availability of resources and the requirements of approved individual country programmes, projects or emergency operations.

15. In approving the above approach, the Committee agreed that the level of existing activities should not constitute in itself a justification for continuing assistance at the same level. Ongoing programmes/activities needed to be reviewed in the light of relevant criteria, including satisfactory monitoring and evaluation results.

[1] GNP, under-five mortality rate (UFMR) and the FAO aggregate household food security index (AHFSI), together with population size.

RESOURCE POLICIES AND PROPOSALS FOR LONG-TERM FINANCING OF WFP

16. The Executive Director submitted to the CFA at its **Thirty-seventh Session** an interim report on her views concerning alternative financing mechanisms to ensure a more predictable level of funding for the Programme's operations and administration. Further, the Committee was provided with a cost measurement study in the context of the funding of the Programme. In addition to these documents, the Committee also discussed the financial systems and reporting required for WFP. It requested the Executive Director to submit her proposals for the long-term financing of WFP to its Thirty-eighth Session. Concerning the kind of financial systems and reporting required for WFP, the Committee made the following suggestions:

a) that systems and procedures be in place which would permit the World Food Programme to provide accurate accounting of all resources;

b) that the accounting reports, including accurate statements of losses, be freely available;

c) that an improved system for calculating overhead costs in emergencies be established;

d) that there be strengthened standards of accounting and reporting of recipient countries, both governments and non-governmental organizations (NGOs);

e) that there be an effective follow-up on reports of problems, including recommendations of the auditors, and the results of the follow-ups made available to all; and

f) that the total cost of operations be clearly understood and funding assured for effective accountability and oversight.

17. The Committee noted the Secretariat's unequivocal commitment to improving financial systems and reporting. It requested the Executive Director to develop a comprehensive and rigorous system of financial management, which should include transparent reporting.

18. The Executive Director submitted her proposals for funding to the **Thirty-eighth Session** of the Committee. The comments of the United Nations Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the FAO Finance Committee as well as the Executive Director's own comments were also transmitted to the Committee.

19. The Committee decided to establish a formal working group on options for WFP's resource policies and long-term financing, which would be open to interested members of the Programme and the observer of the European Community, and would elect its officers. To support the working group, the Secretariat should provide, in a consolidated manner, the following information:

a) the secretariat papers prepared for the Thirty-eighth Session of the CFA, including comments on them by the ACABQ and the FAO Finance Committee;

b) comments made by CFA members on resource and finance issues during

the Thirty-seventh and Thirty-eighth Sessions of the CFA;

c) reports on the outcome of WFP consultations with members, and particularly donors, on major constraints affecting donor funding procedures and information they needed from the Secretariat;

d) additional information on the financial situation of WFP as requested at the Thirty-eighth Session, or as the Secretariat or the group might consider would facilitate the work of the group. Such information should include, to the extent possible, transparent and consistent sets of accounts showing WFP's present resource position, both with regard to cash and non-cash resources and relating sources of resources to their use; and

e) information on the progress of continuing discussions on the need for a new financing system for United Nations operational activities, arising from United Nations General Assembly resolution 48/162.

20. Drawing on the above information, and its own decisions and deliberations, the group would:

a) analyse the causes of the present financial situation;

b) identify the main constraints to resource mobilization and utilization, including constraints to availability of sufficient cash for the PSA budget; in that context, donors would be expected to share their individual restrictions and requirements with each other;

c) make proposals conducive to:

i) bringing about, to the extent possible, increased predictability of resource availability and flexibility in their use, taking into account the multilateral character of the Programme;

ii) securing the required level of resources to be provided to WFP and optimizing their use; and

iii) ensuring the funding of administrative and other costs.

When the group could not develop single proposals for one or more of those subjects, it should develop several options or alternatives to present to the CFA.

d) assess possible needs for change of the General Regulations of the Programme that might contribute to the group's proposals or arise from them;

e) identify the other implications and, to the extent possible, the effects of its proposals and/or options on the Programme, both in the short and longer term; and

f) conduct a specific analysis of support costs deriving from bilateral services provided by the Programme, and make practical proposals aimed at attaining full recovery of those costs at an early date.

21. The Committee expected the working group to submit its recommendations on item f) above to the Thirty-ninth Session of the CFA for decision, together with a progress report on other items. The full report should be submitted to the CFA at its Fortieth Session.

22. In the interim, the Committee agreed that:

a) the support cost on contributions for complex emergency operations, approved by the Committee at its Thirty-second Session at 10 percent,

should be nine percent for 1995, based on the 1993 cost measurement study;

b) the support cost on IEFR and PRO contributions, approved by the Committee at its Thirty-second Session at four percent, should be five percent for 1995, based on the 1993 cost measurement study;

c) the maximum limit in the scale of fees on bilateral operations, approved by the Committee at its Thirty-second Session, should be raised to not more than 225,000 dollars as an interim measure, pending the next cost measurement study, which would be used to determine a scale of charges that would ensure full cost recovery after approval by the CFA; and

d) the cost measurement study should be updated by the CFA at its Fortieth Session and periodically thereafter, to reflect the current actual cost of management of different types of activities.

23. The Committee agreed that the Secretariat would proceed with the preparation of the Strategic Financial Plan and budget for 1996-97, on the basis of current procedures allowing for possible changes to the longer-term arrangements for financing WFP.

SYNCHRONIZATION OF PLEDGING AND BUDGET PERIODS

24. In accordance with the request made by the Committee at its Thirty-second Session, the Secretariat submitted to the Committee at its **Thirty-seventh Session** a study on the implications of the harmonization of the WFP pledging and budget periods. The Committee considered the Secretariat's document together with the comments of the ACABQ and the FAO Finance Committee. The Committee concluded that any decision on this matter would be affected by the outcome of discussions in the United Nations on financing the operational activities for development. It therefore appeared inappropriate to take any action and the Committee stated that it would like to reconsider this matter at a later date.

OPERATIONAL RESERVE

25. As required by Financial Regulation 7.4, the CFA at its **Thirty-seventh Session** considered the Executive Director's recommendation for the level of an operational reserve to be established within the Fund, together with the comments made by the ACABQ and the FAO Finance Committee. The Committee requested the Secretariat to submit at its Thirty-eighth Session additional information based on a cash flow analysis which would enable the Committee to take a decision on the establishment and use of an operational reserve.

26. The Secretariat's proposal, together with the comments of the ACABQ and the FAO Finance Committee, as well as the Executive Director's own comments, were submitted to the CFA at its **Thirty-eighth Session**. The Committee agreed

to establish an operational reserve at the level of up to 57 million dollars proposed by the Executive Director, in accordance with Financial Regulation 7.4. The Committee also agreed the following: that the operational reserve would be created with the cash carry-over from 1992-93 of 6.9 million dollars, transfer of one million dollars from the Working Capital Fund, recoveries from the PRO subset and, until the authorized level was reached, any future surplus of income over expenditure; and that the operational reserve would have first call on those incoming cash pledges against which drawdowns from the reserve had been made. The replenishment would be made as soon as relevant contributions were received; payment of those contributions by donors must be made within a maximum time limit of 12 months after withdrawal.

27. The reserve would be used to:

a) finance the implementation of approved projects in progress and other continuing multilateral operations for which firm pledges had been announced, pending receipt of pledged contributions;

b) finance the approved programme support and administrative budget for which firm pledges or other firm sources of income had been identified;

c) make reimbursable advances for the Emergency Logistics Authorization within the limit of 1.5 million dollars for a single operation and up to 4.5 million dollars in any one year, as set by the CFA; and

d) make reimbursable advances to other multilateral funds as might be established by the CFA for which firm pledges or other firm sources of income had been identified, up to a limit of five million dollars or not exceeding 10 percent of the operational reserve, whichever was less.

PROGRESS REPORTS ON CRITERIA FOR PROJECT APPROVAL

28. At its **Thirty-seventh Session** the Committee considered another progress report on criteria for project approval. The Committee requested the Secretariat to present to its Thirty-eighth Session a comprehensive paper, drawing from the ongoing policy debate and including additional details on the criteria as well as on their application and the related procedures. The paper should also take into consideration the recommendations of the recent tripartite evaluation of WFP, and relevant findings from the study on the effectiveness of WFP aid to development.

29. At its **Thirty-eighth Session** the Committee agreed that the Secretariat's proposals for the application of criteria for project selection and approval were acceptable, with the understanding:

a) that a few modifications would need to be made to the list (see Annex) - such as, for example, to consider the social and environmental impacts, criteria for food aid monetization, distortion of markets, phasing out of WFP's assistance and an appraisal of the project risks - and that, to the extent possible, the same criteria would be applicable to disaster mitigation, rehabilitation and protracted refugee activities, with appropriate adjustments as might be necessary;

b) that criteria should be updated as necessary, always in line with WFP's

mission statement;

c) that criteria should be applied with rigour throughout the project cycle and during the implementation of the projects, allowing for necessary flexibility, e.g., in response to different country contexts and in line with the relevant CSOs, when available.

30 In addition, the Committee agreed that:

a) the linkage of WFP projects with those of other United Nations bodies, donors, and NGOs should, as much as possible, be actively sought and that inputs from other partners ought to be available at the time of project implementation, to the extent possible;

b) monitoring and evaluation mechanisms should be particularly strengthened, including the preparation of operational guidelines for generic types of activities supported by WFP, and that the effectiveness of the application of criteria should be assessed in due time by WFP's independent Evaluation Service, using relevant performance indicators;

c) WFP should encourage the strengthening of capacities and other means in recipient countries to apply the criteria at all stages, from project design to implementation and monitoring, and that the most appropriate assistance, including external and national expertise, should be employed in applying project criteria; and

d) it would be desirable for the Project Design Manual to be issued in all languages of the Programme.

AUDITED BIENNIAL ACCOUNTS (1992-93), FINANCIAL REPORT AND STATEMENT

31 In accordance with Financial Regulation 10.1, the Executive Director submitted to the Committee at its **Thirty-eighth Session** the Programme's biennial accounts for 1992-93. In line with General Regulation 30 and Financial Regulation 11.9, the Executive Director also transmitted to the Committee at its Thirty-eighth Session the report of the External Auditor, along with the Audited Financial Statements. The comments of the ACABQ and the FAO Finance Committee were also transmitted to the CFA, which took note of the report of the External Auditor for the biennium 1992-93. In accordance with General Regulation 30, it approved the audited accounts of the Programme for the biennium 1992-93 and decided to transmit them to the United Nations General Assembly and FAO Conference, as stipulated by Financial Regulation 11.10.

NINETEENTH REPORT OF THE CFA TO ECOSOC AND THE FAO COUNCIL

32 The Committee approved at its **Thirty-seventh Session** the nineteenth Annual Report of the CFA for submission to ECOSOC and the FAO Council, as stipulated by General Regulation 12. The Committee commended the Secretariat

for the improved presentation, which was in line with new directives in the United Nations.

SELECTED NATIONAL EXPERIENCE WITH FOOD AID (China)

33. In consultation with the Government of China, the sixteenth in a series of papers prepared by the Secretariat reviewing national experience with food aid policies and programmes was submitted for discussion to the Committee at its **Thirty-eighth Session.**

34. The Committee recognized that the lessons learned from the China experience were valuable for the donor community, recipient countries and WFP. The Committee further indicated that it would welcome future reviews of that type, including economic and social impact analysis, which it felt were fully consistent with the policy mandate of the CFA.

REPORTS OF THE SUB-COMMITTEE ON PROJECTS

35. Following are details of the projects approved by the CFA at its **Thirty-seventh Session** upon the SCP's recommendation, for a total value of 97 million dollars and 356,000 tons of food:

Development projects submitted for approval by the CFA

Region, country, project title and number		Duration	Total WFP food commitment	Total food cost	Total WFP cost
		(years)	*('000 tons)*	*(million dollars)*	
WEST AND CENTRAL AFRICA (ODW)					
Ghana 4932	Supplementary feeding and health and nutrition education	4	12.9	4.4	5.5
Sierra Leone 2663 (Exp.2)	Agricultural development and training	4	9.7	3.7	6.1
EAST AND HORN OF AFRICA (ODH)					
	Nil				
SOUTHERN AFRICA (ODS)					
Lesotho 3853 (Exp.1)	Food assistance to primary schools	5	28.9	7.6	13.3
ASIA AND PACIFIC (ODP)					
Bangladesh 2197 (Exp.9)	Rural development programme	1	140.8	21.9	30.8

Development projects submitted for approval by the CFA

Region, country, project title and number		Duration	Total WFP food commitment	Total food cost	Total WFP cost
		(years)	*('000 tons)*	*(million dollars)*	
China 4355	Integrated development of low-yielding land in four poverty-stricken counties of Dabieshan mountain, Xinyang prefecture, Henan province	5	100.2	14.0	16.6
India 2783 (Exp.1)	Poverty alleviation through forestry activities and tribal development in Gujarat	3	33.2	6.3	9.0
LATIN AMERICA AND CARIBBEAN (ODL)					
Dominican Republic 5276	School feeding in the poor and economically depressed areas	5	7.2	4.9	5.6
Ecuador 3096 (Exp.1)	School feeding programme for improvement of basic education in priority areas	3	23.1	7.6	10.1
Total			**356.0**	**70.4**	**97.0**

36. The CFA at its **Thirty-eighth Session** approved, upon the recommendation of the SCP, development projects for a total of 127.4 million dollars and 441,700 tons of food:

Development projects submitted for approval by the CFA

Region, country, project title and number		Duration	Total WFP food commitment	Total food cost	Total WFP cost
		(years)	*('000 tons)*	*(million dollars)*	
SOUTHERN AFRICA (ODS)					
Mozambique 5331	Reconstruction and rehabilitation in rural Mozambique	5	30.8	5.3	12.2
ASIA AND PACIFIC (ODP)					
Bhutan 3734 (Exp.1)	Assistance to primary and post-primary students, and hospital patients	4	10.9	3.3	3.7
India 2206 (Exp.6)	Support to integrated Child Development Services (CDS)	3	151.7	41.0	61.0

Development projects submitted for approval by the CFA

Region, country, project title and number		Duration (years)	Total WFP food commitment ('000 tons)	Total food cost (million dollars)	Total WFP cost
LATIN AMERICA AND CARIBBEAN (ODL)					
Jamaica 5471	Poverty reduction and food security through the development of human resources	3	90.3	12.6	14.9
Peru 4808	Food assistance to pre-school and primary schoolchildren in rural areas	3	102.5	14.4	17.0
MEDITERRANEAN AND MIDDLE EAST (ODM)					
Egypt 2499 (Exp.3)	Settlement on newly-developed land	5	55.5	15.8	18.6
Total			441.7	92.4	127.4

37. The Committee also approved at its **Thirty-seventh Session**, upon the SCP's recommendation, protracted refugee and displaced person projects for a total value of 118.5 million dollars and 277,000 tons of food. It took note of the Executive Director's approval of four development projects and five protracted refugee and displaced person projects, as well as seven budget increases to approved projects, authorized by her within her delegated authority during the period from 1 July to 31 December 1993, for a total value of 28.8 million dollars and 62,000 tons of food.

Protracted refugee and displaced person projects submitted for approval by the CFA

Region, country, project title and number		Total WFP food commitment (tons)	Total food cost (million dollars)	Total WFP cost (million dollars)
WEST AND CENTRAL AFRICA (ODW)				
Liberia Regional 4604 (Exp.3)	Food assistance to Liberian and Sierra Leonean refugees and displaced persons in Liberia, Côte d'Ivoire, Guinea and Sierra Leone	214 858	45.8	96.3
EAST AND HORN OF AFRICA (ODH)				
Uganda 4171 (Exp.4)	Food aid for Sudanese refugees in Uganda	62 272	14.9	22.2
Total		**277 128**	**60.7**	**118.5**

38. At its **Thirty-eighth Session**, the Committee approved, upon the SCP's recommendation, protracted refugee and displaced person projects for a total value of 99.8 million dollars and 260,000 tons of food, as well as three budget increases for approved projects of nearly 7.6 million dollars. The Committee took note of the Executive Director's approval of three development projects and three protracted refugee and displaced person projects, as well as eight budget increases to approved projects, authorized by her within her delegated authority during the period 1 January to 30 June 1994, for a total value of 27.3 million dollars and nearly 42,000 tons of food.

Protracted refugee and displaced person projects submitted for approval by the CFA

Region, country, project title and number		Total WFP food commitment (tons)	Food cost (million dollars)	Total WFP cost (million dollars)
ASIA AND PACIFIC (ODP)				
Cambodia 5483	1994/95 programme for rehabilitation in Cambodia to assist returnees, internally displaced persons and vulnerable groups	14 000	3.1	4.5
MEDITERRANEAN AND MIDDLE EAST (ODM)				
ACTIVITIES RELATED TO AFGHANISTAN AND AFGHAN REFUGEES				
Afghanistan 5086 (Exp.2)		172 500	32.4	68.9

Protracted refugee and displaced person projects submitted for approval by the CFA

Region, country, project title and number	Total WFP food commitment	Food cost	Total WFP cost
	(tons)	*(million dollars)*	
Iran 4258 (Exp.5)	—	—	1.7
Pakistan 4256 (Exp.5)	73 955	17.9	24.7
Total	260 455	53.4	99.8

Budget increases for approved projects for approval by the CFA

Region, country and project number	Title of project	Amount of increase in dollars (total WFP cost)
EAST AND HORN OF AFRICA (ODH)		
Kenya 2502 (Exp.2)	Food assistance to pre-primary and primary schools in the arid and semi-arid lands (ASALs)	6 778 812*
Ethiopia 2586 (Exp.1)	Assistance to the Emergency Food Security Reserve	2 541 300
SOUTHERN AFRICA (ODS)		
Malawi 4780	Household food security and nutrition intervention for vulnerable groups	3 368 615
ASIA AND PACIFIC (ODP)		
Nepal 3718	Support for basic needs programme in health/nutrition and education	1 676 199

In total, the amount for the above three budget increases is as follows:

Total WFP cost	7,586,114 dollars

* The CFA agreed to approve a one-year extension of the current phase with a corresponding commitment of resources. However, upon further review, it was not necessary to implement this increase in resources as the additional needs could be met within the budget of the ongoing phase of the project.

39. The Committee further took note of emergency operations approved during 1994 with a total value of 818.9 million dollars and 1.7 million tons of food.

Annex

CRITERIA FOR PROJECT SELECTION AND APPROVAL[1]

1. ***Mission statement***. The project should be in accord with WFP's Mission Statement.

2. ***Food situation***. The country and project area should normally be low-income and food-deficit (CSOG I.1.1).

3. ***Targeting of food recipients***. Food should go to food-insecure areas and households (PDM 3.2.2; CSOG I.1.2).

4. ***Appropriateness of food as aid***. Food should be more appropriate than cash or other resources (PDM 3.1).

5. ***Modalities of food use***. Food should be used in the way most appropriate to the circumstances: direct distribution, triangular transactions, monetization, etc. (CSOG IV.d).

6. ***Cost-efficiency of food***. Food should have a value to recipients in line with the costs, including transport and administration, of delivering rations (PDM 3.1; CSOG III.d).

7. ***Disincentive effects***. Food aid should not interfere with local food production (PDM 3.5; CSOG III.3).

8. ***Relationship to government priorities***. Activities should fit in with government priorities (CSOG II.2.1).

9. ***Government capacities***. The government should have the financial and technical capacity, and the willingness, to meet its commitments within the project (PDM 2.2.III.5).

10. ***Relationship to activities of other donors***. Projects should be linked to other donors to provide necessary capital or technical inputs (PDM 2.2.III.5; CSOG IV.c).

11. ***Beneficiaries' participation***. Beneficiaries should participate in project design and implementation (PDM 4.6c).

12. ***Feasibility***. Activities must be feasible in technical, social, economic, and environmental terms (PDM 3.2-3,6).

13. ***Function of food aid***. Food aid should play a clear and necessary role, e.g., as incentive, nutritional support, part payment of wages, compensation (PDM 2.2.III.4).

14. ***Ration levels***. Rations should be of the composition and size necessary to achieve their purpose (PDM 3.5.2.2, 4.6c).

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[1] References are to WFP's "Project Design Manual" (PDM) and "Country Strategy Outlines: New Guidelines, 1994" (CSOG).

15. ***Dependency***. The project should not undermine traditional forms of self-help activities or otherwise create a dependency on food aid (PDM 3.5.2.2).

16. ***Targeting of assets***. Any assets created should be of benefit to target households (PDM 2.1.6, 3.2.2; CSOG I.1.2).

17. ***Gender and women***. Gender issues should be considered in project selection, feasibility, and targeting, especially regarding the specific needs and roles of women (PDM 3.2.3).

18. ***Phase-out***. A schedule should normally be provided for phasing out WFP assistance (PDM 4.6c).

19. ***Sustainability***. Individuals, communities, or governments should be able to sustain project activities when food aid ends (PDM 2.1.3, 3.7; CSOG III.b).

20. ***Flexibility***. Response should be possible to changing conditions (guidelines to follow with programme approach).

21. ***Monitoring***. Provision must be made to monitor project outputs, effects and (where feasible) impacts (PDM 3.8).

22. ***Past experience***. In applying these criteria, lessons should be drawn from past WFP experience (CSOG, III).